

HOUSE BILL NO. 97

INTRODUCED BY D. LEWIS

BY REQUEST OF THE TEACHERS' RETIREMENT BOARD

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LAWS RELATING TO THE TEACHERS' RETIREMENT SYSTEM; CLARIFYING STATUTES GOVERNING THE SYSTEM, INCLUDING THOSE RELATING TO MEMBER ELIGIBILITY FOR BENEFITS, PURCHASING OF SERVICE, TAX DEFERRED CONTRIBUTIONS, AND ADMINISTRATIVE EXPENDITURES; REVISING PROVISIONS CONCERNING ASSETS HELD IN TRUST; PROVIDING FOR TRANSFER OF SERVICE; REVISING THE CALCULATION OF POSTRETIREMENT EARNINGS; CLARIFYING THE PROCEDURE FOR DESIGNATION OF BENEFICIARIES AND PAYMENT OF DEATH BENEFITS TO BENEFICIARIES; AMENDING SECTIONS 2-15-1010, 19-20-101, 19-20-201, 19-20-206, 19-20-302, 19-20-402, 19-20-403, 19-20-404, 19-20-408, 19-20-409, 19-20-410, 19-20-411, 19-20-414, 19-20-415, 19-20-417, 19-20-501, 19-20-502, 19-20-603, 19-20-705, 19-20-716, 19-20-804, AND 19-20-1001, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 2-15-1010, MCA, is amended to read:

"2-15-1010. Teachers' retirement board -- terms -- allocation -- definition. (1) There is a teachers' retirement board.

(2) The board consists of six members appointed by the governor, as follows:

(a) three persons appointed from the teaching profession who, when appointed, are active members of the retirement system. At least one of the three appointees must be actively employed as a public school classroom teacher and shall hold a class 1, 2, or 4 certificate pursuant to 20-4-106.

(b) two persons appointed as representatives of the public;

(c) one member who must be a retired teacher who was a member of the retirement system at the time of retirement.

(3) ~~Each~~ (a) Except as provided in subsection (3)(b), each appointed member of the board shall serve a term of ~~4~~ 5 years. Each appointed member shall take and subscribe to the oath prescribed by

1 Article III, section 3, of the Montana constitution. The oath must be filed in the office of the secretary of
2 state.

3 (b) The first appointment of a member of the public after [the effective date of this act] is for a
4 4-year term. After that appointment, each appointment of a member of the public is for a 5-year term.

5 (4) If a vacancy in an unexpired term occurs on the board, the governor shall appoint a person to
6 fill the unexpired portion of the term.

7 ~~(4)(5)~~ The board is allocated to the department for administrative purposes only as prescribed in
8 2-15-121. However, the board may hire its own personnel, and 2-15-121(2)(d) does not apply.

9 ~~(5)(6)~~ As used in this section, "classroom teacher" means a staff member who is assigned
10 professional activities of instructing pupils in self-contained classes or courses or in classroom situations."

11

12 **Section 2.** Section 19-20-101, MCA, is amended to read:

13 **"19-20-101. Definitions.** As used in this chapter, unless the context clearly indicates otherwise,
14 the following definitions apply:

15 (1) "Accumulated contributions" means the sum of all the amounts deducted from the
16 compensation of a member or paid by a member and credited to the member's individual account in the
17 annuity savings fund, together with interest. Regular interest must be computed and allowed to provide
18 a benefit at the time of retirement.

19 (2) "Actuarial equivalent" means a benefit of equal value when computed, ~~with regular interest,~~
20 ~~on upon~~ the basis of the ~~1971 Group Annuity Mortality Table, with ages set back 4 years and an interest~~
21 ~~rate of 8% compounded annually~~ mortality table and interest rate assumption set by the retirement board.

22 (3) "Average final compensation" means the average of a member's earned compensation during
23 the 3 consecutive years of full-time service or as provided under 19-20-805 that yield the highest average
24 and on which contributions have been made as required by 19-20-602. If amounts defined in subsection
25 (6)(b) have been converted by an employer to earned compensation for all members and have been
26 continuously reported as earned compensation in a like amount for at least the 5 fiscal years preceding
27 the member's retirement, the amounts may be included in the calculation of average final compensation.
28 If amounts defined in subsection (6)(b) have been reported as earned compensation for less than 5 fiscal
29 years or if the member has been given the option to have amounts reported as earned compensation, any
30 amounts reported in the 3-year period that constitute average final compensation must be included in

1 average final compensation as provided under 19-20-716(1)(b).

2 (4) "Beneficiary" means ~~a person~~ one or more persons formally designated by a member, retiree,
3 or benefit recipient to receive a retirement allowance or payment upon the death of the member, retiree,
4 or benefit recipient.

5 (5) "Creditable service" is that service defined by 19-20-401.

6 (6) (a) "Earned compensation" means, except as limited by 19-20-715, remuneration, exclusive
7 of maintenance, allowance, and expenses, paid for services by a member out of funds controlled by an
8 employer before any pretax deductions allowed under the Internal Revenue Code are deducted from the
9 member's compensation.

10 (b) Earned compensation does not mean:

11 (i) direct employer premium payments on behalf of members for health or dependent care expense
12 accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental,
13 or any other insurance;

14 (ii) any direct employer payment or reimbursement for:

15 (A) professional membership dues;

16 (B) maintenance;

17 (C) housing;

18 (D) day care;

19 (E) automobile, travel, lodging, or entertaining expenses; or

20 (F) any similar payment for any form of maintenance, allowance, or expenses;

21 (iii) the imputed value of health, life, or disability insurance or any other fringe benefits; or

22 (iv) any noncash benefit provided by an employer to or on behalf of an employee.

23 (c) Unless included pursuant to 19-20-716, earned compensation does not include termination
24 pay.

25 (d) Adding a direct employer-paid or noncash benefit to an employee's contract or subtracting the
26 same or like amount as a pretax deduction is considered a fringe benefit and not earned compensation.

27 (e) Earned compensation does not include:

28 (i) compensation paid to a member from a plan for the deferral of compensation under section
29 457(f) of the Internal Revenue Code;

30 (ii) payment for sick, annual, or other types of leave that is allowed to a member and that is

1 accrued in excess of that normally allowed; or

2 (iii) incentive or bonus payments paid to a member that are not part of a series of annual payments.

3 (7) "Employer" means the state of Montana, the trustees of a district, or any other agency or
4 subdivision of the state that employs a person who is designated a member of the retirement system.

5 (8) "Full-time service" means service that is full-time and that extends over a normal academic
6 year of at least 9 months. With respect to those members employed by the office of the superintendent
7 of public instruction, any other state agency or institution, or the office of a county superintendent,
8 full-time service means service that is full-time and that totals at least 9 months in any year.

9 (9) "Internal Revenue Code" means the federal Internal Revenue Code of 1954 or 1986, as
10 applicable to a governmental plan, as the code provided on July 1, 1999.

11 (10) "Member" means a person who has an individual account in the annuity savings fund. An
12 active member is a person included under the provisions of 19-20-302. An inactive member is a person
13 included under the provisions of 19-20-303.

14 (11) "Normal retirement age" means an age no earlier than the age at which the member is eligible
15 to retire:

16 (a) by virtue of age, length of service, or both;

17 (b) without disability; and

18 (c) with the right to receive immediate retirement benefits without actuarial or similar reduction
19 in the benefits because of retirement before a specified age.

20 ~~(11)~~(12) "Part-time service" means service that is less than full-time or that totals less than 9
21 ~~months~~ 180 days in a normal academic year. Part-time service must be credited in the proportion that the
22 actual time worked compares to full-time service.

23 ~~(12)~~(13) "Prior service" means employment of the same nature as service but rendered before
24 September 1, 1937.

25 ~~(13)~~(14) "Regular interest" means interest ~~at 4% a year compounded annually or at a rate as may~~
26 ~~be set by the retirement board in accordance with 19-20-501(2).~~

27 ~~(14)~~(15) "Retired member" means a person who has terminated employment that ~~is eligible~~
28 qualified the person for membership under 19-20-302 and who has received at least one monthly
29 retirement benefit paid pursuant to this chapter.

30 ~~(15)~~(16) "Retirement allowance" means a monthly payment due ~~monthly~~ to a person who has

1 qualified for service or disability retirement or due to a beneficiary as provided in 19-20-1001.

2 ~~(16)~~(17) "Retirement board" or "board" means the retirement system's governing board provided
3 for in 2-15-1010.

4 ~~(17)~~(18) "Retirement system", "system", or "plan" means the teachers' retirement system of the
5 state of Montana provided for in 19-20-102.

6 ~~(18)~~(19) "Service" means the performance of instructional duties or related activities that would
7 entitle the person to active membership in the retirement system under the provisions of 19-20-302.

8 ~~(19)~~(20) "Termination" or "terminate" means that the member has severed the employment
9 relationship with the member's employer and that all, if any, payments due upon termination of
10 employment, including but not limited to accrued sick and annual leave balances, have been paid to the
11 member.

12 ~~(20)~~(21) (a) "Termination pay" means any form of bona fide vacation leave, sick leave, severance
13 pay, amounts provided under a window or early retirement incentive plan, or other payments contingent
14 on the employee terminating employment and on which employee and employer contributions have been
15 paid as required by 19-20-716.

16 (b) Termination pay does not include:

17 (i) amounts that are not wages under section 3121 of the Internal Revenue Code, determined
18 without regard to the wage base limitation; and

19 (ii) amounts that are payable to a member from a plan for the deferral of compensation under
20 section 457(f) of the Internal Revenue Code.

21 ~~(21)~~(22) "Vested" means that a member has been credited with at least 5 full years of membership
22 service upon which contributions have been made, as required by 19-20-602 and 19-20-605, and who
23 has a right to a future retirement benefit.

24 ~~(22)~~(23) "Written application" or "written election" means a written instrument, ~~specified~~ required
25 by statute or the rules of the board, properly ~~executed~~ signed, and filed with the board, that contains all
26 the required information ~~required by the board~~, including documentation ~~as that~~ the board considers
27 necessary."

28

29 **Section 3.** Section 19-20-201, MCA, is amended to read:

30 **"19-20-201. Administration by retirement board. (1)** The retirement board shall administer and

1 operate the retirement system within the limitations prescribed by this chapter, and ~~to this end~~, it is the
2 duty of the retirement board to:

3 ~~(1)~~(a) establish rules necessary for the proper administration and operation of the retirement
4 system;

5 ~~(2)~~(b) approve or disapprove all expenditures necessary for the proper operation of the retirement
6 system;

7 ~~(3)~~(c) keep a record of all its proceedings, which must be open to public inspection;

8 ~~(4)~~(d) submit a report to the office of budget and program planning as a part of the information
9 required by 17-7-111, detailing the fiscal transactions for the 2 fiscal years immediately preceding the
10 report due date, the amount of the accumulated cash and securities of the retirement system, and the last
11 fiscal year balance sheet showing the assets and liabilities of the retirement system;

12 ~~(5)~~(e) keep in convenient form ~~that the data which that~~ is necessary for actuarial valuation of the
13 various funds of the retirement system and for checking the experience of the retirement system;

14 ~~(6)~~(f) prepare an annual valuation of the assets and liabilities of the retirement system;

15 ~~(7)~~(g) prescribe a form for membership application ~~which that~~ will provide adequate and necessary
16 information for the proper operation of the retirement system;

17 ~~(8)~~(h) annually determine the rate of regular interest as prescribed in 19-20-501;

18 ~~(9)~~(i) establish and maintain the funds of the retirement system in accordance with the provisions
19 of part 6 of this chapter; and

20 ~~(10)~~(j) perform other duties and functions as are required to properly administer and operate the
21 retirement system.

22 (2) The board may send retirement-related material to employers and the campuses of the
23 Montana university system for delivery to employees. To facilitate distribution, employers and those
24 campuses shall each provide the board with a point of contact who is responsible for distribution of the
25 material provided by the board."

26

27 **Section 4.** Section 19-20-206, MCA, is amended to read:

28 **"19-20-206. Board to grant benefits.** It is the duty of the retirement board to grant retirement,
29 disability, and other benefits under the provisions of this chapter. However, benefits will be granted only
30 if the board decides, in its discretion as limited by law, that an applicant for benefits is entitled to those

1 benefits. All applicants who are in similar circumstances must be treated alike."

2

3 **Section 5.** Section 19-20-302, MCA, is amended to read:

4 **"19-20-302. Active membership.** (1) Unless otherwise provided by this chapter, the following
5 persons must be active members of the retirement system, ~~with the exception that those persons who~~
6 ~~became eligible for membership on September 1, 1937, or on September 1, 1939, and who elected not~~
7 ~~to become members under the provisions of the law at that time are not required to be members:~~

8 (a) ~~any~~ a person who is a teacher, principal, or district superintendent as defined in 20-1-101;

9 (b) ~~any~~ a person who is an administrative officer or a member of the instructional or scientific staff
10 of a unit of the Montana university system and who has not elected or is not required to participate in the
11 optional retirement program under Title 19, chapter 21;

12 (c) ~~any~~ a person employed as a speech-language pathologist, school nurse, or school psychologist
13 or in ~~an instructional services~~ a teaching capacity by the office of the superintendent of public instruction,
14 the office of a county superintendent, a special education cooperative, a public institution of the state of
15 Montana, the Montana state school for the deaf and blind, or a school district;

16 (d) ~~any~~ a person who is an administrative officer or a member of the instructional staff of the
17 board of public education; and

18 ~~(e) any person who has elected not to become a member of the retirement system and is~~
19 ~~reentering service in a capacity prescribed by subsection (1)(a), (1)(b), (1)(c), or (1)(d);~~

20 ~~—— (f) any person who has elected not to become a member of the retirement system, who has been~~
21 ~~continuously employed in a capacity prescribed by subsection (1)(a), (1)(b), (1)(c), or (1)(d) since the time~~
22 ~~of the election, and who may elect to become a member of the retirement system~~

23 (e) the superintendent of public instruction or a person employed in an instructional services
24 capacity by the office of public instruction.

25 (2) A person elected to the office of county superintendent of schools after July 1, 1995, is not
26 eligible for optional membership in the public employees' retirement system under the provisions of
27 19-3-412 and may, within 30 days of taking office, elect to become an active member of the teachers'
28 retirement system. The retirement system membership of an elected county superintendent of schools as
29 of June 30, 1995, must remain unchanged for as long as the person continues to serve in the capacity
30 of county superintendent of schools.

(3) In order to be eligible for active membership, a person described in subsection (1) or (2) must:

(a) be employed in the capacity prescribed for the person's eligibility for at least 30 days in any fiscal year; and

(b) have the compensation for the person's creditable service totally paid by an employer.

(4) (a) A substitute teacher or a part-time teacher's aide:

(i) shall ~~make file~~ an irrevocable written election determining whether to become an active member of the retirement system on the first day of employment; or

(ii) is required to become an active member of the retirement system ~~on the 31st day after completing 210 hours~~ of employment in any fiscal year if the substitute teacher or part-time teacher's aide has not elected membership under subsection (4)(a)(i).

(b) Once a part-time teacher's aide becomes a member, the aide is required to remain an active member as long as the aide is employed in that capacity. Once a substitute teacher becomes a member, the substitute teacher is required to remain a member as long as the teacher is available for employment in that capacity.

~~(b)(c)~~ A person employed as a substitute teacher on July 1, 1999, who has not elected to become a member by that date shall ~~make file~~ an irrevocable written election as required by subsection (4)(a)(i) on the first day of employment as a substitute in the next school year after July 1, 1999.

(d) A person employed as a part-time teacher's aide on July 1, 2001, who is not a member of the retirement system shall file an irrevocable written election as required by subsection (4)(a)(i) on the first day of employment as a part-time teacher's aide after July 1, 2001.

~~(e)(e)~~ The employer shall give written notification to a substitute teacher or part-time teacher's aide on the first day of employment of the option to elect membership under subsection (4)(a)(i).

~~(e)(f)~~ If a substitute teacher or part-time teacher's aide declines to elect membership during the election period, the teacher or part-time teacher's aide shall ~~execute file~~ a written statement with the employer waiving membership and the employer shall retain the statement.

(5) A school district clerk or business official may not become a member of the teachers' retirement system. A school district clerk or business official who is a member of the system on July 1, 2001, is required to remain an active member of the system while employed in that capacity, and any postretirement earnings from employment as a school district clerk or school business official are subject to the limit on earnings provided in 19-20-804.

(5)(6) At any time that a person's eligibility to become a member of the retirement system is in doubt, the retirement board shall determine the person's eligibility for membership. All persons in similar circumstances must be treated alike.

(7) As used in this section, "part-time teacher's aide" means an individual who works less than 7 hours a day assisting a certified teacher in a classroom."

Section 6. Section 19-20-402, MCA, is amended to read:

"19-20-402. Creditable service for employment in out-of-state public and federal employment schools. (1) (a) A member who has 5 years of active membership service, who has completed 1 full year of active membership in Montana subsequent to the member's out-of-state service, and who contributes to the retirement system as provided in subsection (2) may receive creditable service in the retirement system for out-of-state ~~employment~~ service that would have been acceptable under the provisions of this chapter if the service had been performed in the state of Montana.

(b) If the member contributed to a public retirement plan, other than social security, while performing the out-of-state service, the member shall roll the member's contributions over into the retirement system or must receive a refund of the member's contributions for the service before ~~qualifying~~ purchasing service under this section.

(c) For the purpose of this section, out-of-state ~~employment~~ service means service performed:

(i) within the United States in a federal or other public school or institution; and

(ii) outside the United States in a federal or other public or private school or institution.

(2) (a) To ~~qualify~~ purchase the service described in subsection (1)(c)(i), a member who became a member before July 1, 1989, shall contribute for each year of service to be ~~qualified~~ purchased an amount equal to the combined employer and employee contribution for the member's first full year's teaching salary earned in Montana after the member's out-of-state service, plus interest. The contribution rate must be the rate in effect at the time the member is eligible for the service.

(b) To ~~qualify~~ purchase the service described in subsection (1)(c)(ii), a member who became a member before July 1, 1989, shall contribute for each year of service to be ~~qualified~~ purchased an amount equal to the combined employer and employee contribution for the member's first full year's teaching salary earned in Montana after the member's out-of-state service or after July 1, 1989, whichever date is later, plus interest. The contribution rate must be the rate in effect at the time the member is eligible

1 to ~~qualify purchase~~ the service or the rate in effect on July 1, 1989, whichever date is later.

2 (c) For each year of service to be credited under this section, a member who became a member
3 on or after July 1, 1989, shall contribute the actuarial cost of the service based on the most recent
4 valuation of the system.

5 (3) The interest on contributions required under subsection (2)(a) must be paid at the rate that the
6 contributions would have earned had the contributions been in the member's account from the date the
7 member was eligible to ~~qualify purchase~~ the service.

8 (4) The contributions and interest required under subsection (2) may be made in a lump-sum
9 payment or in installments as agreed between the member and the retirement board.

10 (5) The provisions of 19-20-405 apply to creditable service purchased under this section."
11

12 **Section 7.** Section 19-20-403, MCA, is amended to read:

13 **"19-20-403. Creditable service for employment while on leave.** (1) (a) A member who is eligible
14 under subsection (1)(b) and who contributes to the retirement system as provided in subsection (2) may
15 receive up to 2 years of creditable service for employment while on leave.

16 (b) To be eligible to ~~qualify purchase~~ service under this section, a member must have at least 5
17 years of membership service in the retirement system, must have been a member prior to the leave, and
18 must have completed 1 year of active membership in Montana subsequent to the member's return.

19 (2) (a) For each year of service to be credited, a member who became a member before July 1,
20 1989, shall contribute for each year of service to be ~~qualified purchased~~ an amount equal to the combined
21 employer and employee contributions for the member's first full year's teaching salary earned in Montana
22 after the member's return from leave, plus interest.

23 (b) For each year of service to be credited under this section, a member who became a member
24 on or after July 1, 1989, shall contribute the actuarial cost of the service based on the most recent
25 actuarial valuation of the system.

26 (3) The interest on contributions required under subsection (2)(a) must be paid at the rate that the
27 contributions would have earned had the contributions been in the member's account from the date the
28 member was eligible to ~~qualify purchase~~ the service.

29 (4) The contributions and interest may be made in a lump-sum payment or in installments as
30 agreed between the member and the retirement board.

(5) The provisions of 19-20-405 apply to creditable service purchased under this section."

Section 8. Section 19-20-404, MCA, is amended to read:

"19-20-404. Creditable service for active service in military, red cross, or merchant marine. (1)

A member may receive up to 4 years of creditable service without cost for active service in the armed forces of the United States, which includes the army, navy, marine corps, air force, and coast guard, during the Korean ~~conflict~~ war between June 1, 1950, and January 31, 1955, and the Vietnam conflict between December 22, 1961, and May 7, 1975, dates inclusive, if the member has 5 years or more of creditable service in the retirement system. To qualify receive credit for this service, a member shall submit to the board a written application ~~form~~ and proper certification of the member's military service.

(2) If a member is ineligible for service credit under subsection (1), the member may apply under the provisions of this subsection for creditable service in the retirement system for active service in the armed forces of the United States, which includes the army, navy, marine corps, air force, and coast guard, or in the American red cross or merchant marine. The person must be awarded creditable service, conditional upon the person's completing 5 years of active membership in Montana, for the number of years, not exceeding 2, that the retirement board determines to be creditable service, if the person contributes to the retirement system an amount equal to the combined employer and employee contributions for the person's first full year's teaching salary earned in Montana following the active service in the armed forces of the United States, the American red cross, or the merchant marine for each year of creditable service plus interest at the rate the contribution would have earned had the contribution been in the person's account upon completion of 5 years of membership service in Montana. The contribution rate is that rate in effect at the time the person is eligible for the service.

(3) The contribution required under subsection (2) may be made in a lump-sum payment or in installments as agreed between the person and the retirement board."

Section 9. Section 19-20-408, MCA, is amended to read:

"19-20-408. Creditable service for employment in private schools. (1) (a) A member who has at least 5 years of membership service, who has completed 1 full year of active membership subsequent to the member's private school employment, and who contributes to the retirement system as provided in subsection (2) may receive up to 5 years of creditable service in the retirement system for employment

1 within the United States in a private elementary, secondary, or postsecondary educational institution.

2 (b) Employment to be credited must be of an instructional nature, as an administrative officer, or
3 as a member of the scientific staff. If the employment is for teaching kindergarten through grade 12, the
4 service must have been performed as a certified teacher.

5 (c) Members may not receive credit for service as a student employed by a private elementary,
6 secondary, or postsecondary educational institution.

7 (2) (a) For each year of service to be credited, a member who became a member before July 1,
8 1989, shall contribute to the retirement system an amount equal to the combined employer and employee
9 contribution for the member's first full year's teaching salary earned after becoming a member of the
10 retirement system or after returning to the retirement system, whichever is later, plus interest. The
11 contribution rate must be that rate in effect at the time the member is eligible to purchase the service.

12 (b) For each year of service to be credited under this section, a member who became a member
13 on or after July 1, 1989, shall contribute the actuarial cost of the service based on the most recent
14 valuation of the system.

15 (3) The interest on contributions required under subsection (2)(a) must be paid at the rate that the
16 contributions would have earned had the contributions been in the member's account from the date the
17 member was eligible to ~~qualify~~ purchase the service.

18 (4) The contributions and interest may be made in lump-sum payment or in installments as agreed
19 between the person and the retirement board.

20 (5) The provisions of 19-20-405 apply to creditable service purchased under this section."
21

22 **Section 10.** Section 19-20-409, MCA, is amended to read:

23 **"19-20-409. Transfer of service credits and contributions from public employees' retirement**
24 **system.** (1) An active member may at any time before retirement ~~make file~~ a written ~~election~~ application
25 with the retirement board to ~~qualify in the teachers' retirement system~~ purchase all of the member's
26 previous creditable service in the public employees' retirement system. The amount that must be paid to
27 the retirement system to ~~qualify~~ purchase this service under this section is the sum of subsections (2) and
28 (3).

29 (2) The public employees' retirement system shall transfer to the teachers' retirement system an
30 amount equal to 72% of the amount ~~payable~~ paid by the member.

(3) The member shall pay either directly or by transferring contributions on account with the public employees' retirement system an amount equal to the member's accumulated contributions at the time that active membership was terminated, plus accrued interest. Interest must be calculated from the date of termination until ~~payment~~ a transfer is received by the retirement system, based on the interest tables in use by the public employees' retirement system.

(4) A member who ~~qualifies~~ purchases service from the public employees' retirement system in the teachers' retirement system must ~~complete~~ have completed 5 years of membership service in the teachers' retirement system to ~~qualify~~ receive credit or purchase military service, out-of-state ~~teaching~~ service, employment while on leave, and private school employment.

(5) The retirement board shall determine the service credits that may be transferred.

(6) If an active member who also has creditable service in the public employees' retirement system before becoming a member of the teachers' retirement system dies before ~~qualifying~~ purchasing this service in the teachers' retirement system and if the member's service credits from both systems, when combined, entitle the member's beneficiary to a death benefit, the payment of the death benefit is the liability of the teachers' retirement system. Before payment of the death benefit, the public employees' retirement board must transfer to the teachers' retirement system the contributions necessary to ~~qualify~~ purchase this service in the teachers' retirement system as provided in subsections (2) and (3).

(7) (a) If the teachers' retirement board determines that an individual's membership was erroneously classified and reported to the public employees' retirement system, the public employees' retirement board shall transfer to the teachers' retirement system the member's accumulated contributions and service, together with employer contributions plus interest, must be transferred to the teachers' retirement system and any employee and employer contributions due as calculated in 19-20-602 and 19-20-605, respectively, are the liability of the employee and the employing entity where the error occurred.

(b) For the period of time that the employer contributions are held by the public employees' retirement system, interest paid on employer contributions transferred under this subsection (7) must be calculated at the short-term investment pool rate earned by the board of investments in the fiscal year preceding the transfer request.

(c) Any employee and employer contributions due as calculated in 19-20-602 and 19-20-605, plus interest, are the liability of the employee and the employing entity where the error occurred.

(8) A vested member who participated in the public employees' retirement system defined contribution plan provided for in Title 19, chapter 3, part 21, prior to becoming a member of the teachers' retirement system may purchase creditable service for the time spent as a participant in the defined contribution plan if:

(a) the member has completed at least 1 full year in the teachers' retirement system following the member's public employees' retirement system service;

(b) for each full year or portion of a year to be purchased pursuant to this subsection (8), the member contributes the actuarial cost of the service based on the most recent valuation of the system;
and

(c) the member has withdrawn the member's money in the member's public employees' retirement system defined contribution plan account or has rolled over the amount required to purchase service in accordance with this subsection (8).

(9) Creditable service purchased under subsection (8) must be determined according to the laws and rules governing service credit in the public employees retirement system."

Section 11. Section 19-20-410, MCA, is amended to read:

"19-20-410. Creditable service for extension service employment. (1) (a) At any time before retirement, a member with 5 years or more of creditable service in the retirement system may ~~make file~~ a written ~~election application~~ application with the retirement board to ~~qualify purchase~~ purchase up to 5 years of employment service with the Montana cooperative extension service, subject to the limitation contained in 19-20-405, if:

(i) the member became a member of the retirement system before July 1, 1989;

(ii) the service involved instructional service at a unit of the Montana university system; and

(iii) the member received a refund of membership contributions under the civil service retirement system or the federal employees' retirement system for the service to be ~~qualified~~ purchased.

(b) ~~To qualify~~ For each year of service to be purchased under subsection (1)(a), the member shall contribute to the retirement system an amount equal to the combined employer and employee contribution ~~for~~ rate in effect at the time that the member is eligible to purchase the service multiplied by the member's first full year's teaching salary earned after becoming a member of the retirement system ~~for each year of creditable service,~~ plus interest at the rate that the contribution would have earned had the contribution

1 been in the member's account upon the completion of 5 years of membership service. ~~The contribution~~
2 ~~rate must be that rate in effect at the time that the member is eligible for the service.~~

3 (2) In addition to service purchased under subsection (1) and subject to 19-20-407, a member
4 ~~with who has purchased~~ 5 years or more of qualified creditable service in the retirement system may
5 ~~qualify any purchase additional years of~~ cooperative extension service by contributing to the system the
6 full actuarial cost of the service.

7 (3) Contributions to qualify purchase service under this section may be made in a lump-sum
8 payment or in installments as agreed upon by the member and the retirement board."
9

10 **Section 12.** Section 19-20-411, MCA, is amended to read:

11 **"19-20-411. Absence because of employment-related injury.** (1) Subject to the limitation in
12 subsection (6), a member who is absent because of an injury entitling the member to workers'
13 compensation payments may qualify purchase as creditable service the time during which the member is
14 absent. To qualify purchase this service, a member shall contribute to the retirement system as provided
15 in subsection (2) upon the member's return to contributing membership service.

16 (2) (a) A member who became a member before July 1, 1989, shall contribute an amount equal
17 to:

18 (i) the contributions that the member would have made had the member not been absent, based
19 on the member's compensation at the commencement of the absence;

20 (ii) the interest that begins to accrue 1 year from the date that the member returns to covered
21 employment; and

22 (iii) the interest not paid by the employer under subsection (3).

23 (b) A member who became a member on or after July 1, 1989, shall pay the actuarial cost of the
24 service based on the most recent valuation of the system.

25 (3) When a member elects to contribute under subsection (2)(a), the employer shall contribute an
26 amount equal to the contributions that would have been made by the employer had the member not been
27 absent, based on the member's compensation at the commencement of the absence. The employer may
28 contribute an amount equal to the interest accruing on the employer's contributions calculated in the same
29 manner as interest on the employee's contributions under subsection (2)(a). If the employer elects not to
30 pay the interest, this amount must be paid by the employee.

(4) A member shall file with the retirement board a written notice of the member's intent to pay the contributions under subsection (2).

(5) Payment of the employee's contributions may be made in one sum at the time of filing the notice or in installments before termination of covered employment as agreed between the board and the member.

(6) A member absent as provided in subsection (1) loses the right to contribute under this section if the member's accumulated normal contributions are refunded under 19-20-603.

(7) The maximum amount of membership service allowable under this section is 2 years."

Section 13. Section 19-20-414, MCA, is amended to read:

"19-20-414. Rollover or transfer of public employee accumulated contributions. (1) A member who is eligible to ~~qualify~~ purchase service under this chapter may at any time before retirement apply to roll over or transfer the member's accumulated contributions on deposit with any other eligible retirement plan. The total amount transferred to the retirement system may not exceed the amount due to purchase service.

(2) If, in the case of a transfer, the transferred account includes both tax-deferred and taxed amounts, the transferring agency shall identify the member's tax-deferred and taxed amounts at the time the transfer is made.

(3) To the extent permitted by section 401(a)(31) of the Internal Revenue Code and as limited by subsection (1), the board shall accept a direct rollover of eligible distributions from another eligible retirement plan."

Section 14. Section 19-20-415, MCA, is amended to read:

"19-20-415. Procedure for purchase of service credit and pick up. (1) A member who wishes to redeposit pursuant to 19-20-602(2) amounts previously withdrawn or who is eligible to purchase service credit pursuant to this part shall make the following series of elections to accomplish the redeposit or purchase:

(a) The member may elect a lump-sum payment, a series of installment payments, or a combination of lump-sum payments and installment payments.

(b) If a series of installment payments ~~are~~ is elected by the member, the member may elect to pay

1 the installments directly to the board or to have the installments paid by payroll deduction or the member
2 may select a combination of both.

3 (c) With respect to installments payable by payroll deduction, if the member's employer has
4 adopted the resolution described in subsection (2), the member shall ~~elect the irrevocable payroll deduction~~
5 ~~authorization~~ complete the irrevocable written application to purchase service provided ~~for~~ in subsection
6 (4). If the member's employer has not adopted the resolution, the member may elect only a revocable
7 ~~payroll deduction authorization~~ written application to purchase service.

8 (2) An employer may adopt a resolution to pick up and pay the member's elective contributions
9 made pursuant to a binding, irrevocable ~~payroll deduction authorization~~ written application. The
10 contributions picked up by the employer must be payable from the same source as is used to pay
11 compensation to the member. The resolution must contain the following statements:

12 (a) that the member contributions, even though designated as member contributions for state law
13 purposes, are being paid by the employer in lieu of the contributions by the member; and

14 (b) that the member may not choose to receive the contributed amounts directly instead of having
15 them paid by the employer to the system.

16 (3) (a) With respect to any member's elective contributions, the effective date of the employer
17 ~~pick-up~~ pickup is the later of:

18 (i) the adoption of the employer's resolution; or

19 (ii) the ~~execution of date that~~ the irrevocable ~~payroll deduction authorization form~~ written
20 application is signed by both the member and the member's employer.

21 (b) The ~~pick-up~~ pickup does not apply to a contribution made before the effective date of the
22 employer's resolution. ~~An irrevocable payroll deduction authorization~~ A written application to purchase
23 additional service that is in effect on the effective date of the employer's resolution is void and the
24 provisions of subsection (1) apply.

25 (4) ~~If the irrevocable payroll deduction authorization is elected by the member, it~~ The irrevocable
26 written application to purchase service must be ~~executed~~ signed by the member and the member's
27 employer and filed with the board. Subject to any maximum amounts or duration established by state or
28 federal law, the irrevocable ~~payroll deduction authorization~~ written application must specify:

29 (a) the amount of the deduction;

30 (b) the number of installments;

(c) the number of years and type of service that the member is purchasing; and

(d) that the contributions being picked up, although designated as member contributions, are being paid by the employer directly to the board in lieu of contributions by the member.

(5) The minimum duration of the ~~irrevocable payroll deduction authorization~~ installments required by subsection (4)(b) is 3 months, and the maximum duration is 5 years. ~~The minimum number of years specified to be purchased may not be less than 1 year or the total number of years that the member is eligible to purchase.~~ The maximum number of years that may be purchased may not exceed the total number of years that the member is eligible to purchase.

(6) The ~~irrevocable payroll deduction authorization may~~ written application does not give the member the option of receiving the deduction amounts directly instead of having them paid by the employer to the system. ~~A member may make more than one binding, irrevocable payroll deduction authorization so long as a subsequent deduction authorization does not amend a previous binding, irrevocable payroll deduction authorization.~~ A member may not prepay any amounts under a binding, ~~irrevocable payroll deduction authorization~~ written application.

(7) If a member terminates or dies prior to completion of the installment payments, the binding, ~~irrevocable payroll deduction authorization~~ written application expires and the board shall prorate the service credit purchased based upon the amount paid as of the date of termination or death. In the case of a termination, the member may make a lump-sum contribution for the balance of the service subject to the limitations of section 415 of the Internal Revenue Code. In the case of the member's death, the payment to purchase service may be made from the member's estate subject to the limitations of section 415 of the Internal Revenue Code."

Section 15. Section 19-20-417, MCA, is amended to read:

"19-20-417. Credit for substitute teaching service, teacher's aide service, or required other service not reported. (1) A substitute teacher or part-time teacher's aide who did not elect membership under 19-20-302 and who subsequently becomes a member must be awarded creditable service for substitute teaching service if the substitute teacher contributes:

——— (1) ~~an amount equal to the combined member and employer contributions that would have been made if the substitute teacher had elected membership; and~~

——— (2) ~~interest at the rate that the contributions would have earned if they had been on deposit with~~

~~the retirement system~~ the service not reported if the member contributes the employee and employer contributions that would have been made if the member had been a member from the date of hire, plus interest.

(2) A person who was employed in a capacity that would have been eligible for membership except for the fact that the person was employed for less than 30 days and who subsequently becomes an active member may purchase this service if the person contributes the employee and employer contributions that would have been made if the person had been a member from the date of hire, plus interest.

(3) If an employer fails to report a person who was eligible for membership under 19-20-302, the employee and employer shall make the contributions required by this chapter, plus interest.

(4) The contributions and interest may be made in a lump-sum payment or in installments as agreed to between the person and the board."

Section 16. Section 19-20-501, MCA, is amended to read:

"19-20-501. Financial administration of money. The members of the retirement board are the trustees of all money collected for the retirement system, and as trustees, they shall provide for the financial administration of the money as provided in Article VIII, section 15, of the Montana constitution in the following manner:

(1) The money must be invested and reinvested by the state board of investments.

(2) The retirement board ~~annually~~ shall annually establish the rate of regular interest. The rate established by the board may not be less than 4%.

(3) The retirement board ~~annually~~ shall annually divide among the several reserves of the retirement system an amount equal to the average balance of the reserves during the preceding fiscal year multiplied by the rate of regular interest. In accordance with the provisions of 19-20-605(5), the amount to be credited to each reserve must be allocated from the interest and other earnings on the money of the retirement system actually realized during the preceding fiscal year, less the amount allocated to administrative expenses. The administrative expenses of the retirement system, less amortization of intangible assets, may not exceed 1.5% of retirement benefits paid.

(4) The state treasurer is the custodian of the collected retirement system money and of the securities in which the money is invested.

(5) For purposes of Article VIII, section 12, of the Montana constitution, all the reserves established by part 6 of this chapter must be accounts in the pension trust fund type of the treasury fund structure of the state.

(6) Benefits and refunds to eligible recipients are payable pursuant to a contract as contained in statute. Unless specifically provided for by statute, the contract does not contain revisions to statutes after the time of retirement or termination."

Section 17. Section 19-20-502, MCA, is amended to read:

"19-20-502. Restrictions on use of money. (1) A member of the retirement board or an employee of the board may not:

(a) have an interest, ~~direct or indirect~~ directly or indirectly, in the gains or profits of any investment of money of the retirement system, except as provided in this section;

(b) directly or indirectly, for the member or employee or as an agent, in any manner use the money or deposits of the retirement system except to make current and necessary expenditures authorized by the retirement board; or

(c) become an endorser or surety or in any manner an obligor for money loaned by or borrowed from the retirement system.

(2) The assets of the retirement system may not be used for or diverted to any purpose other than for the exclusive benefit of the members and their beneficiaries and for paying the reasonable expenses of administering the retirement system.

(3) The board may not engage in a transaction prohibited by section 503(b) of the Internal Revenue Code.

(4) The assets of the retirement system must remain in trust until a warrant for the assets has been paid or an electronic funds transfer of system assets has been made in accordance with law."

Section 18. Section 19-20-603, MCA, is amended to read:

"19-20-603. Withdrawal of accumulated contributions -- options. An inactive member electing to do so or a person whose membership terminates without a prospect or anticipation that the member will return to work for an employer within 60 days of termination may withdraw the member's accumulated contributions from the annuity savings fund in the retirement system in accordance with the

1 following provisions:

2 (1) An inactive member under the provisions of 19-20-303(1) or (3) may elect, without right of
3 revocation, to withdraw the member's accumulated contributions. If the member does not withdraw the
4 accumulated contributions, the member remains an inactive member of the retirement system with the
5 right to qualify for its benefits.

6 (2) Upon recovery from a disabling illness or separation from the armed forces, a person qualifying
7 as an inactive member under the provisions of 19-20-303(2) may withdraw the member's accumulated
8 contributions unless the member returns to active membership.

9 (3) Upon written application to the board, a terminating member may have the payment of all or
10 any portion of the member's accumulated contributions rolled over or transferred into another qualified plan
11 designated by the member. The portion not rolled over or transferred must be paid directly to the
12 terminating member. The board shall provide forms for ~~making~~ filing the written application. The
13 terminating member is responsible for correctly designating an account or plan eligible to receive the
14 tax-deferred amount in order to continue the tax-deferred status of the amount. To the extent required by
15 section 401(a)(31) of the Internal Revenue Code, the board shall allow members and qualified beneficiaries
16 to elect a direct rollover of eligible distributions to another eligible retirement plan.

17 (4) If a nonvested member terminates with accumulated contributions of less than \$200, the
18 board shall pay the accumulated contributions in a lump sum as soon as administratively feasible without
19 a written application from the member unless there is a return to service. Upon the payment of
20 accumulated contributions, the member is considered to have withdrawn from the system."

21

22 **Section 19.** Section 19-20-705, MCA, is amended to read:

23 **"19-20-705. Correction of erroneous payments.** (1) If a change or error in the records results in
24 a member or beneficiary receiving from the retirement system more or less than he ~~the member or~~
25 beneficiary would have been entitled to receive had the records been correct, then, on discovery of the
26 error, the retirement board shall correct the error and, as far as practicable, shall adjust the payments in
27 such a manner so that the actuarial equivalent of the benefit to which the member or beneficiary was
28 correctly entitled will be paid.

29 (2) If the amount of a contribution payment is incorrect, the board may reject the payment or
30 accept the payment and approve an arrangement to collect the correct amount, including any or all of the

1 following arrangements:

2 (a) adjustment of subsequent payments to the board from a member or an employer;

3 (b) collection of installment payments or a lump-sum payment from an employer; or

4 (c) collection of installment payments, a lump-sum payment, or a rollover payment from a
5 member."

6

7 **Section 20.** Section 19-20-716, MCA, is amended to read:

8 **"19-20-716. Termination pay.** (1) If a member terminates and receives termination pay at the time
9 of retirement, the member shall select, subject to subsection (4), ~~and by executing~~ signing a binding,
10 irrevocable written election at least 90 days before the member's termination date, one of the following
11 options:

12 (a) Option 1--The member may use the total termination pay in the calculation of the member's
13 average final compensation. The member and the employer shall pay contributions to the retirement
14 system as determined by the board to adequately compensate the system for the additional retirement
15 benefit. The contributions must be made at the time of termination.

16 (b) Option 2--The member may use a yearly amount of the total termination pay added to each
17 of the 3 consecutive years' salary used in the calculation of the member's average final compensation. To
18 determine the amount of termination pay used in the calculation of average final compensation, termination
19 pay must be divided by the total number of years of creditable service to determine a yearly amount. The
20 member and the employer shall pay contributions on the termination pay according to the rates provided
21 for in 19-20-602 and 19-20-605(1). The contributions must be made at the time of termination.

22 (c) Option 3--The member may exclude the termination pay from the average final compensation.
23 A contribution is not required of either the member or the employer.

24 (2) A binding, irrevocable written election required by this section must be ~~executed~~ signed by
25 both the member and the employer at least 90 days prior to the member's termination date and must
26 contain statements with regard to the contributions required to be made by the member under subsections
27 (1)(a) and (1)(b) that:

28 (a) the contributions being picked up, although designated as member contributions, are being paid
29 by the employer directly to the system in lieu of contributions by the member and that the picked up
30 contributions are paid from the same source as compensation is paid;

(b) the member may not choose to directly receive the amounts deducted from the member's termination pay instead of having them paid by the employer to the system;

(c) the member may not prepay any portion of the contributions; and

(d) the effective date of the ~~pick-up~~ pickup is the date ~~of execution of the binding~~, that the irrevocable written election is signed by both the member and employer. The effective date must be at least 90 days prior to the date of the member's termination. The ~~pick-up~~ pickup does not apply to a contribution made before the effective date of the ~~pick-up~~ pickup.

(3) Pursuant to subsection (2), contributions required under subsection (1)(a) or (1)(b) must be:

(a) deducted from the portion of termination pay that:

(i) constitutes wages for the purposes of section 3121 of the Internal Revenue Code, determined without regard to the wage base limitation; and

(ii) can be included in the member's gross income for federal tax purposes; and

(b) picked up by the employer.

(4) If a member ~~fails~~ and the member's employer fail to make sign the written election within the time period required in subsection (1) or if the ~~member~~ member's contribution is greater than the total amount of termination pay, the member may contribute for the purposes specified in subsections (1)(a) and (1)(b) on all or any part of the termination pay received. A contribution made pursuant to this subsection cannot be picked up by the employer and is subject to the limitations of section 415 of the Internal Revenue Code."

NEW SECTION. Section 21. Designation of beneficiary. (1) Each member or recipient of a benefit shall file with the board a written application nominating a beneficiary who may be eligible to receive the benefit provided pursuant to this chapter. The board shall provide a form that may be used for this purpose. A member or benefit recipient may revoke the application and nominate a different beneficiary by filing a new form for this purpose with the board.

(2) A beneficiary who renounces an interest in the right to a payment of a benefit will be considered, for the purposes of further payment by the board of a renounced interest, to have predeceased the member or beneficiary.

Section 22. Section 19-20-804, MCA, is amended to read:

1 **"19-20-804. Allowance for service retirement.** (1) Upon termination, ~~an eligible~~ a member who
2 has attained normal retirement age must receive a retirement allowance equal to one-sixtieth of the
3 member's average final compensation, as limited by 19-20-715, multiplied by the sum of the number of
4 years of creditable service and service transferred under 19-20-409.

5 (2) Except as provided in subsection (4), a retired member may be employed part-time in a position
6 specified in 19-20-302 and may earn, without loss of retirement benefits, an amount not to exceed the
7 greater of:

8 (a) one-third of the sum of the member's average final compensation ~~plus normal annual salary~~
9 ~~increases for teaching personnel employed by the school district, state agency, political subdivision, or~~
10 ~~university unit that employed the member at the time of retirement;~~ or

11 (b) one-third of the median of the average final compensation for members retired during the
12 preceding fiscal year as determined by the retirement board.

13 (3) On July 1 of each year following the member's retirement effective date, the maximum earning
14 amount allowed under subsection (2)(a) is increased by an amount equal to the consumer price index
15 increase for urban wage earners and workers compiled by the bureau of labor statistics of the United
16 States department of labor or its successor agency in the preceding year.

17 ~~(3)(4)~~ (a) Except as provided in subsection ~~(4)(5)~~, the retirement benefit of a retired member
18 employed in a full-time position or earning more than allowed by subsection (2) must be canceled beginning
19 in the month in which the retired member returns to full-time employment or earns more than allowed.

20 (b) The retirement benefits of a retired member who was employed in a full-time position or who
21 exceeded the amount that the retired member was eligible to earn under subsection (2) and who was
22 reemployed for less than 1 year must, upon termination of employment, be reinstated beginning in the later
23 of either the month following termination or July 1 of the school year following the date on which the
24 retired member was reemployed. The reinstated retirement benefit is the amount that the retired member
25 would have been entitled to receive had the retired member not returned to employment.

26 (c) Upon retirement after cancellation of a retired member's benefit pursuant to subsection ~~(3)(a)~~
27 (4)(a), a retired member who is reemployed as an active member for a minimum of 1 year of full-time
28 service must receive a recalculated benefit. The recalculated benefit is based on the service credit
29 accumulated at the time of the member's previous retirement plus any service credit accumulated
30 subsequent to reemployment.

1 ~~(4)~~(5) If an early-retired member under 19-20-802 is reemployed with the same employer within
2 30 days from the member's effective date of retirement or if the early-retired member is guaranteed
3 reemployment with the same employer, the member must be considered to have continued in the status
4 of an active member and not to have separated from service. Any retirement allowance payments received
5 by the member must be repaid to the system, together with interest, at the actuarially assumed rate, and
6 the retirement allowance must be terminated."

7
8 **Section 23.** Section 19-20-1001, MCA, is amended to read:

9 **"19-20-1001. Allowances for death of member.** (1) If a member dies before retirement, the
10 member's accumulated contributions must be paid to the member's estate or to ~~a person~~ the beneficiary
11 that the member may have nominated by a written designation application in a manner prescribed by the
12 board and filed with the retirement board prior to the member's death.

13 (2) (a) In lieu of benefits provided for in subsection (1), if the deceased member qualified by reason
14 of service for a retirement benefit, the nominated beneficiary may elect to receive a retirement allowance.
15 The retirement allowance must be determined as prescribed in 19-20-804(1) and section 5, Chapter 549,
16 Laws of 1981, in the same manner as if the member elected option A provided for in 19-20-702(2)(a).

17 (b) The effective date of the retirement allowance provided for in subsection (2)(a) is the earlier
18 of:

19 (i) the first of the month following the date of death; or

20 (ii) the effective date of the member's retirement, as acknowledged in writing by the retirement
21 system before the member's death.

22 ~~(b)~~(c) In the event that payments made to ~~a recipient~~ the beneficiary do not equal the amount of
23 the member's accumulated contributions before the member's death, the difference between the total
24 retirement allowance payments made and the amount of the accumulated contributions at the time of the
25 member's death must be paid to the ~~beneficiary~~ beneficiary's estate.

26 (3) If the deceased member had 5 or more years of creditable service and was an active member
27 in the state of Montana within 1 year before the member's death, a lump-sum death benefit of \$500 is
28 payable to the member's designated beneficiary.

29 (4) If a deceased member had 5 or more years of creditable service and was an active member
30 in the state of Montana within 1 year prior to the member's death, the sum of \$200 a month must be paid

1 to each minor child of the deceased member until the child reaches 18 years of age.

2 (5) If the member nominated more than one beneficiary to receive payment of a benefit provided
3 by this section upon the member's death, then:

4 (a) each beneficiary is entitled to share in that benefit; and

5 (b) if a beneficiary predeceases the member, the benefit must be divided among the surviving
6 beneficiaries."

7
8 NEW SECTION. Section 24. Codification instruction. [Section 21] is intended to be codified as
9 an integral part of Title 19, chapter 20, part 7, and the provisions of Title 19, chapter 20, part 7, apply
10 to [section 21].

11

12 NEW SECTION. Section 25. Saving clause. [This act] does not affect rights and duties that
13 matured, penalties that were incurred, or proceedings that were begun before [the effective date of this
14 act].

15

16 NEW SECTION. Section 26. Effective date. [This act] is effective on passage and approval.

17

18 NEW SECTION. Section 27. Applicability. [Section 1(3)] applies to members whose terms expire
19 after [the effective date of this act].

20

- END -